

Speech: C Iversen.

Toy Safety Mini Hearing: 23 June 2008.

INTRODUCTION

Ladies and Gentlemen

I am delighted to be here to speak to you today in my capacity as Chairman of the Toy Industries of Europe regarding the perspectives of the toy industry on the proposed Toy Safety Directive.

I speak today on behalf of an industry, whose customers are children and in this context we have a responsibility that **goes beyond that of other industries** which manufacture for more mature audiences. We are acutely aware of this responsibility and consider it a condition we need to meet in order to compete in this industry.

In my own company, the LEGO Group, which is the largest European manufacturer of toys, this responsibility has been deeply rooted in our values and mission since the company was founded in 1932. Since then, our mission has been "Only the best is good enough for children". Moreover, Quality and Safety has always been one of our three core fundamental values. Caring for children's safety is, and has been from the beginning, a key condition that has shaped our company culture.

With this responsibility in mind we believe it is only natural that our industry must comply with some of the strictest and most comprehensive consumer safety rules in Europe and since one key characteristic of our industry is our global supply chains, it goes without saying that we must ensure that safety requirements are clearly prescribed and easily enforceable. **Our ongoing work with CEN in developing standards and our recent development of a voluntary agreement with the European Commission on toy safety are two examples of how we are taking a leading role in the area of toy safety.**

At the same time however we must also survive in a competitive global market which requires constant innovation, research and development in a quest to satisfy Europe's most demanding and unpredictable consumers: its children. Toys play an ever increasing role in people's lives. Everyone in this room will have fond memories of their favourite childhood toy. Play is integral to the development of children, helping them to develop vital life skills; it is not by accident that the right to play is enshrined in the UN's Convention on the Rights of the Child.

INDUSTRY SUPPORT FOR NEW DIRECTIVE

In this respect there must be no doubt that we as the toy industry welcome the revision of the toy safety directive. Toys evolve over time and it is important that

relevant legislation reflects these changes. We are keen, however, to ensure that any new rules maintain the **delicate balance that has been upheld to date of ensuring a high level of safety for consumers within a framework that is proportionate, balanced and workable for responsible manufacturers – as well as it being enforceable by the authorities.**

EU PERSPECTIVE

The decisions that you will take on a humble directive on toys will have a major impact on millions of EU citizens ... particularly when one considers that if we get the balance of this directive wrong there is a real risk of :

- **complete categories of toys being banned**
- **job losses for citizens working for small, European-based toy companies**
- **new safety rules which are unworkable, unenforceable and provide no immediate improvements to toy safety**
- **Children finding entertainment and amusement with other competing products that do not provide the same value and benefits to their development as toys do – and which are not guarded by the same strict rules on safety as toys**

This is why we as an industry want to ensure that the decisions that you make are informed ones.

RE-INFORCE INDUSTRY SUPPORT FOR THE DIRECTIVE

Let me be very clear here. It should not be a surprise given my opening remarks that we **under no circumstances whatsoever want to compromise on toy safety.** As I already mentioned; we agree in broad terms with the approach of the Commission's proposal. However, important clarifications are needed in this text if we are to end up with legislation that provides a high level of safety and at the same time ensures consumer choice. **Child protection and the competitiveness of the European toy industry both depend on the workability and practical enforceability of new rules.**

I will talk to you today about our **three most critical concerns** in the new toy safety directive

- **The area of chemicals which we feel is unworkable and discriminates against toys in relation to other products**
- **The time foreseen for adaptation to the provisions of the new directive which is very short and will be impossible to meet**

- **The costs which the toy industry must incur to adhere to the new proposed provisions which will have a disproportionate effect on SMEs**

On all of these three details TIE members are working to meet their obligations and seeking to develop practical solutions. **As we only have limited time this afternoon, what I would like to do is to highlight the situation that the industry currently finds itself in and would be happy to discuss possible solutions with you going forward.**

CHEMICALS

The most critical area for clarification from our perspective is in the much debated area of chemical restrictions. These provisions were added late in the drafting stage of the proposal and therefore all stakeholders, including toy enforcement authorities, have had less opportunity to comment. One key area from our perspective are what are referred to as CMRs 1, 2 and 3. First, let me explain that CMRs are NOT something that we put into toys. Our greatest concern is also to ensure that children are not put at risk through exposure to harmful chemicals and we therefore support the objective of the proposal to address these.

PERSONAL EXAMPLE

First we should clarify what are we talking about in terms of materials. Let me take a personal example. I have a 7 months old daughter myself.

This morning she woke up at six o'clock and she was immediately taken to her plastic covered changing mat. Afterwards she was placed in her plastic high chair, which she immediately started licking. We then started feeding her using a plastic spoon, with food from a plastic bowl and drinking out of a plastic mug.

She was then placed in her play pen with plastic bars which she clung on to and mouthed on.

After dressing her she was taken out to get some fresh air in her pram which is very practical as its PVC coating ensures that any stains or spillages can be wiped away

... and so it goes on. I will not keep sharing images from my private life, but the point is that **everything this child has touched could potentially have contained CMRs. And this is even before she has picked up a toy!**

CMR's

It is suspected that CMRs could be found in materials ranging from wood, paper, board, plastics, paints and rubber. All these materials are used in products which are found in a child's environment. Some CMRs occur naturally in the environment and the mere presence of them in a material does not put a child at risk.

Yet, we now have new rules proposed that refer only to toys. What we would like to see is rules that are clear and consistent - that can be easily explained to our Asian suppliers and that can be enforced by authorities.

However, the situation as proposed by the new directive is far from straightforward. Indeed, to demonstrate that CMRs 1 and 2 are not present in toys will mean developing new testing protocols and procedures. In fact it will mean abandoning existing chemical safety tests for toys which were developed over 5 years, which still have not been paid for, and beginning again.

What is the risk of not completing this exercise on time? One obvious example will be the risk that toys are notified on RAPEX when there can be absolutely no impact on health and safety. Nevertheless, parents' fears are understandably raised and a brand's reputation is damaged.

At the same time, there are instances where the toy industry must and can justify the value in continuing to use a particular CMR in a particular material, however, there has been no clarification on the efficiency of the comitology process to deal with this. We suspect, however, that it will take longer than the foreseen two years that are proposed.

Without this clarification on process and timing, what will happen? Responsible companies who abide by the rules will not be able to put products on the market. Irresponsible companies, knowing that enforcement authorities will not have the resources / equipment to test will put non-complying products on the market anyway. **Big responsible companies with diverse product ranges will survive, small responsible companies with small product ranges that are affected by this will go out of business.**

Does this represent a level playing field? Does this mean that toys on the market will be safe? No.

Don't forget that as toymakers we are not only competing against each other, we are competing against a whole range of products which children now desire. Indeed, these days, toys tend to feature fifth or sixth on children's Christmas lists after ipods, mobile phones and a whole range of other gadgets. Do these products contain chemicals? Yes. Are these products regulated like toys are? No. Do these products provide the same level of play value in terms of child development as a toy does? Not in my view.

By allowing sufficient time for a proper implementation of the rules and by better clarifying the process and timing, we will have more of a chance of ensuring that compliant toys are on the shelves.

CMR 3's

For CMR 3s, we are clearly talking about a different category of chemicals which needs a different approach. There are several hundred of these chemicals that are found in an extensive number of materials with no real indication that there is a cause for concern. For widely accepted scientific and regulatory reasons, they have not been subject to legal restrictions the same way that categories 1-2 are. For this reason, we are very concerned that in this directive there have been calls to categorise CMRs 1,2 and 3 together. Should evidence show that a category 3 chemical has those properties it will move up in category. **Singling out toys is, in our view, a discriminatory measure that will serve little purpose in ensuring a child's safety in terms of chemical exposure.**

As for CMR 3s what safety objectives do you achieve by banning them? One casualty – **but not the only one I could mention** - could be children's bicycles. This could effectively be banned as the rubber tyre could contain CMRs, which - as it is "accessible" to the child - it could potentially put in his mouth. Quite frankly, as a parent, I would be much more concerned about my child ingesting the "dangerous substances" that the tyre has been in contact with outside on the street and in the garden than the rubber itself. However, if this approach was taken, it would be the rubber itself that posed the danger.

So what is the solution? One could try to replace the rubber with an alternative. But unfortunately, a new material would be less likely to have the same gripping qualities as rubber which – in my view as a parent – would actually make it less safe!

SME's

As chairman of the Toy Industries of Europe I also represent a large number of small and medium-sized companies and I have to point to a serious problem that faces SME's.

Actually most of the EU manufacturers are small and medium-sized companies; 80% are small firms with less than 50 employees, while only 5% are large companies

The requirements in the new directive will put a relatively higher burden on these companies, with the more complex regulation we all will have to deal with. Costs of ensuring compliance with the new chemical requirements by documentation and testing will increase severely. **In my own company we recently had an offer for testing a product to the new requirements for metals. Compared to the test for the metals in the current directive, this new test were more than ten times as expensive as today**, because they had to use new and much more expensive equipment. And this increase in price is just for testing metals, if you also want to test for CMR's the price can not even today be evaluated as the test methods are not developed yet.

There are two points to this. The first is that these tests will enable you to show compliance, but often they will not necessarily say anything about the risk involved. The other point is that these costs will inevitably be passed on to the consumer. This

provides a relative advantage for large manufacturers who have a larger quantity of products to lay these costs on. Small and medium sized European toy manufacturers are facing a very difficult future.

CONCLUSION - CALL FOR WORKABLE SOLUTION

These are the dilemmas and this is why we are asking you to think carefully about what you are regulating and what the impact will be.

Again, **I want to be absolutely clear that as an industry we are NOT saying “no” to chemical restrictions. What we would like to see is an approach which is workable, practical and addresses the real safety issues for children in a way which does not discriminate against toys.**

I very much hope that you share this view and would be **very happy to further discuss practical ways in which we can achieve a new directive that provides a high level of safety in a workable framework for the benefit of all.**

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